

METHODS AND SYSTEMS FOR HEALTHCARE PRACTICE MANAGEMENT

Related Applications

The application is related to U.S. Patent Application Serial No. _____ titled "Methods For
5 Collecting Fees For Healthcare Management Group" filed on the same date herewith by the same inventors, which is incorporated herein by reference in its entirety.

Field of the Invention

10 The present invention relates to the healthcare industry and, more particularly, to the field of healthcare management.

Background of the Invention

15 In the healthcare industry, as illustrated in FIG. 1, physicians generally organize themselves into practice groups 25 and normally subcontract to an insurance network 30. The insurance network 30 is not limited to traditional insurance networks, i.e., Blue
20 Cross Blue Shield, Aetna, United Healthcare, etc., but also include self insured networks within companies, employers, or other large entities. The insurance network 30 includes a plurality of patients 35 that obtain healthcare services from the plurality of

physicians 25 participating in the insurance network 30. The groups of physicians 25 include a plurality of physicians 25 that provide healthcare services to a plurality of patients 35 within a particular geographical area in varying medical fields. The physicians in the healthcare practices 25 are normally compensated a predetermined reimbursement amount by the insurance network 30 for every subscribing patient 35 in the insurance network 30 that is to be treated by the physicians 25.

For example, a physician 25 participating in the insurance network 30 may be reimbursed \$80 per month by the insurance network 30 for agreeing to treat a patient 35 in the insurance network 30 and assume the responsibility for a percentage of the ancillary medical costs 45 for that patient 25. As illustrated in FIG. 1, there exists a relationship between the insurance network 30 and the physician practice 25. Likewise, there also exists a relationship between the patients 35 and the insurance network 30, and the patients 35 and the physician practices 25. The physician practice 25 normally receives payment for services directly from the patients 35 or through reimbursements from the insurance network 30. The payment that is received from the patient 35 can be in the form of a co-payment or a partial payment for the healthcare services. In order for the physician practice 25 participating in the insurance network 30 to receive the entire reimbursement from the insurance network 30, i.e., the \$80 per month for agreeing to treat each patient 35, the physician practice 25 must comply with preselected requirements set by the insurance network 30. These requirements often

fall within varying cost centers **45**, such as pharmaceutical, laboratory, anesthesiology, and radiation costs, for example.

In the pharmaceutical area, for example, a wide
5 variety of prescription medications are developed and
manufactured to combat similar illnesses. As illustrated
in FIG. 1, prescription medication manufacturers **24**
sometimes enter into agreements with the insurance
network **30**. The prescription medication manufacturers **24**
10 sometimes offer rebates to insurance networks **30** if the
physician practice **25** prescribes their medications. The
prescription medication manufacturers **24** cannot enter
into these types of agreements with the physician
practices **25**, as it would likely be contrary to public
15 policy. The insurance network **30**, in turn may enter into
an agreement with a pharmacy network **21**, such as a
pharmacy benefits management (PBM), for example, to
encourage the physician practice **25** in the insurance
network **30** to prescribe certain medications. The PBM is
20 compensated a profit on the preferred prescription
medications, and a portion of the profits are then passed
along to the pharmacy **40**. The requirements, or
preferences, set by the insurance network **30** regarding
pharmaceutical costs, for example, include the types of
25 prescription medications that the physicians may
prescribe to their patients.

In some instances, the insurance networks
provide incentives to the physician practice **25** for
prescribing medications upon which, the insurance
30 network **30** receives discounts from prescription
medication manufacturers **24**. If the physician practice
25 bears any percentage of medication costs for the
patient **35** and prescribe medications which differ from

those preferred by the insurance network 30, the incentives may be withheld from the physician practice 25, i.e., the physician practice 25 may be paid nothing instead of \$10 for the patient 35 in the insurance network 30. As illustrated in FIG. 1, the insurance network 30 monitors the prescriptions that the physician practice 25 participating in the insurance network 30 write through a monitoring relationship developed with pharmacies 40 and pharmacy networks 21. In this monitoring relationship, the pharmacy 40 and the PBM provide claims data to the insurance network 30.

There are many different levels of risk for the physician practice 25 that is associated with this arrangement. If the insurance network 30 assumes the financial responsibility for the patient's 35 healthcare needs, then the physician practice 25 assumes no risk. If, however, the physician practice 25 assumes the financial responsibility for the patient's healthcare needs, i.e., any healthcare costs beyond the reimbursement amount from the insurance network 30, then the physician practice 25 assumes the most risk. Another alternative arrangement is if the financial responsibility for the patient's 35 healthcare needs are shared between the physician practice 25 and the insurance network 30. In such an arrangement, the risk for patient's 35 healthcare costs is shared between the insurance network 30 and the physician practice 25. As illustrated in FIG. 1, the payments between the insurance network 30 and the physician practice 25 can vary depending upon the amount of risk taken by the physician practice 25.

As further illustrated in FIG. 1, patients **35** participating in the insurance network **30** obtain healthcare treatment from the physician practice **25** and pay premiums or insurance payments to the insurance network **30**. They medical treatment provided to the patients **30** by the physicians in the physician practice **25** can include prescribing medications. The patients **35**, however, obtain the prescription medications from the pharmacy **40** and provide either a full payment or a co-payment for the prescription medications. The patient **35** can then be reimbursed for some or all of the payment for the prescription medications from the insurance network **30**.

This arrangement is disadvantageous for the physician practice **25** participating in the insurance network **30** because it requires a great deal of management and organization to follow the requirements of the insurance network **30**. The system is even more disadvantageous for the physician practice **25** if it participates in multiple insurance networks **30**. Each insurance network **30** maintains a preferred list of prescription medications, for example, that the physician practice **25** may prescribe to the patients **35**. Further, each insurance network **30** updates their preferred list of prescription medications on a routine basis. The physician practice **25** in the insurance network **30** generally attempts to spend the majority of their time treating patients **35**. The management and organization of the insurance network **30** requirements can be time consuming and eliminate some of the time that a physician practice **25** may normally dedicate to the treatment of patients **35**.

Traditionally, there also has been tension between the physician practice 25 and the insurance network 30. The tension can be caused by the insurance network 30 delaying payment to the physician practice 25 with notification of a particular network requirement that has been violated, if any. In addition, the physician practice 25 normally receive very little support from the insurance network 30, such as patient history updates and information on medication costs. Tensions are also sometimes caused by the insurance network's 30 perception that the physician practice 25 over-bills for treatment and does not provide all possible treatment options for patients 35. The physician practice 25 sometimes feel pressured by the insurance network 30 to provide medical treatment to their patients 35 according to the preferences of the insurance network 30 instead of according to their own medical judgments. Of course, the physician practice 25 is free to independently treat the patients 35 in the insurance network 30 based on medical judgment, but the tension between the physician practice 25 and the insurance network 30 still exists.

The physician practice 25 is not bound by the treatment procedures that are preferred by the insurance network 30. Often, however, conflict between the insurance network 30 and the physician practice 25 can arise when the insurance network 30 prefers the physician practice 25 to perform certain medical procedures or prescribe particular medications that are more profitable to the insurance network 30. The physician practice 25 does not have the time necessary to perform exhaustive research necessary to determine if the treatment proposed by the insurance network 30 is feasible, or even safe, to

patients **35**. Prudent physicians in the physician practice **25** often do not change their treatment practices based simply on information provided by the insurance networks **30**.

5 In the interest of patient safety, physicians in the physician practice **25** should research medical literature to become more educated as to possible benefits of alternative medications. As noted above, however, this takes a great deal of time that can better
10 be used to treat patients **35**. In order to conserve the time that might normally be spent on managing and organizing the insurance network **30** requirements, however, some physician practices **35** may hire office managers. This is disadvantageous because an office
15 manager can be extremely costly and will normally need office space. The office space that may be used by the proposed office manager may be an examination room in which the physician would normally treat patients **35**. Once again, this cuts down on the number of patients **35**
20 that the physician practice **25** can possibly treat. The office manager also often only manages finances and personnel and has little understanding of physician practices **25** with respect to relationships between insurance networks **30** and physicians' **25** decisions and
25 practices with respect to patients **30**.

It has been proposed that the performance of a first healthcare provider can be compared to the performance of a second healthcare provider using a computer program as described in U.S. Patent No.
30 5,652,842 titled "Analysis and Reporting of Performance of Service Providers", by Siegrist, Jr. et al. More particularly, a method of monitoring customer satisfaction so as to keep the healthcare providers

competitive in many different fields is described. The method described in Siegrist, Jr. et al., however, is disadvantageous to group physicians in organizing and managing healthcare costs that are dependant upon preferred treatment of the insurance network.

When the physician practice 25 is not able to organize and manage medical treatment information in a manner that is preferred by the insurance network 30 in which they participate, there only exist two possible results. Either the physician practice 25 receives lower reimbursements from the insurance network 30, or the insurance network 30 is less profitable. No matter which result occurs, however, the ultimate end result is higher medical costs for patients 35. Therefore, the patients 35 are the real losers in the situations described above.

Summary of the Invention

With the foregoing in mind, the present invention advantageously provides a system and methods for managing a healthcare practice which optimizes profits of the healthcare practice. The system and methods of the present invention also advantageously assist physicians and insurance providers in providing cost-effective healthcare services to patients. The system and methods of managing the healthcare practice of the present invention additionally advantageously eliminates the time necessary for physicians to conduct exhaustive research in determining if alternative, and more profitable, ancillary medical procedures are beneficial to their patients. The system and methods of the present invention further advantageously assist in controlling the rising costs of medical care by reducing physicians' ancillary medical costs. The system and

methods of the present invention still further advantageously strengthens the relationship between physicians and insurance providers by providing an intermediary between the two.

5 More particularly, the present invention provides a method of managing a healthcare practice participating in an insurance network to optimize profitability of the healthcare practice with respect to a predetermined reimbursement amount for selected
10 ancillary medical costs. The method advantageously includes gathering data from each of a plurality of physicians in the healthcare practice participating in the insurance network regarding management of the selected ancillary medical costs. The method further
15 includes identifying at least one of the plurality of physicians in the healthcare practice participating in the insurance network that is at a greater risk of not receiving the predetermined reimbursement amount for the ancillary medical costs from the insurance network by
20 engaging in ancillary medical procedures that are detrimental to receiving the predetermined reimbursement amount for the ancillary medical costs. The method also includes modifying the at least one physician's management behavior regarding the ancillary medical costs
25 to substantially reduce the risk of not receiving the predetermined reimbursement amount for the ancillary medical costs from the insurance network.

The step of identifying the at least one physician preferably includes analyzing the ancillary
30 medical costs of each of the plurality of physicians in the healthcare practice, calculating an average ancillary medical cost per physician for the healthcare practice, and identifying the physician that has ancillary medical costs that are a predetermined percentage greater than

the average ancillary medical cost per physician for the healthcare practice. The step of identifying the at least one physician also advantageously includes identifying the physician having the highest ancillary
5 medical costs in the healthcare practice. The ancillary medical costs can include any costs taken from the group of pharmacy, radiology, laboratory, anesthesiology, occupational therapy, physical therapy, speech therapy, therapeutic radiology, operating room, emergency room
10 costs or other cost centers as understood by those skilled in the art.

The present invention also provides a method of optimizing the profitability of an insurance network having a plurality of physicians in a healthcare practice
15 participating therein by managing ancillary medical costs. The method includes the step of gathering data from each of the plurality of physicians in the healthcare practice participating in the insurance network regarding management of ancillary medical costs.
20 The method also includes the step of modifying the plurality of physicians' in the healthcare practice management behavior regarding ancillary medical costs that are not profitable for the insurance network.

The present invention further provides a
25 healthcare management optimization system for a healthcare practice including a plurality of physicians participating in an insurance network. The healthcare management optimization system includes at least one database. The at least one database can advantageously
30 include a first and a second database. The first database includes information regarding ancillary medical procedures that are preferred by the insurance network and the second database includes information regarding ancillary medical costs of each of the plurality of

physicians participating in the insurance network. The healthcare management optimization system further includes an analyzer in communication with the first and second databases for analyzing the data in the first and second databases and comparing the ancillary medical procedures that are preferred by the insurance network with the ancillary medical costs of the plurality of physicians participating in the insurance network to thereby identify ancillary medical costs that are not preferred by the insurance network. The healthcare management system still further includes managing means responsive to the analyzer for managing the ancillary medical costs to thereby modify the ancillary medical costs of the physicians in the healthcare practice to be more profitable to the insurance network.

The present invention still further provides a healthcare management optimization system for a healthcare practice including a plurality of physicians participating in an insurance network. The healthcare optimization network advantageously includes a server having at least one database. The at least one database can advantageously include first and second databases. The system further includes a communications network positioned to be in communication with the server, a plurality of computers positioned to be in communication with the communications network, each including a user interface responsive to a user, an updater positioned on the server and responsive to the user interface updating each of the plurality of physicians in the healthcare practice of any changes in the management of ancillary medical costs that are preferred by the insurance network, and recommending means positioned on the server and responsive to the user interface for recommending to each of the plurality of physicians alternative ancillary

medical procedures that are preferred by the insurance network.

5 The present invention advantageously strengthens the relationship between insurance companies and physicians by providing an intermediary that provides information to make modifications to ancillary medical treatment procedures to both the physicians and the insurance network. The information provided by the intermediary includes scientific and medical research
10 literature and advantageously eliminates the research time and costs necessary for the physicians and the insurance networks to make informed decisions and recommendations regarding patient care. The research necessary to make the informed decisions is
15 advantageously provided to the physicians and the insurance networks.

The present invention also advantageously provides educational information regarding alternative ancillary medical procedures to patients that insist on
20 a particular ancillary medical procedure, i.e., insist on a prescription for a brand name medication, so that the patient can also make a more informed decision as to their treatment. When the patient is made a part of the decision to modify medical care, the patient is more
25 likely to trust both the physician and the insurance network. Therefore, the present invention also advantageously strengthens the relationship between the patients, physicians, and insurance network.

The present invention further advantageously
30 decreases physicians' overall ancillary medical costs, thereby enhancing the profitability of the physician practice groups and insurance networks. Increased savings attributed to ancillary medical costs can advantageously be passed on to patients, thereby

decreasing the cost of medical care and co-payments for prescription medications. The present invention allows the patient in the healthcare system to be the real winner.

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Brief Description of the Drawings

Some of the features, advantages, and benefits of the present invention having been stated, others will become apparent as the description proceeds when taken in conjunction with the accompanying drawings in which:

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FIG. 1 is a schematic view of a typical relationship between physicians, insurance networks, and patients according to the prior art;

FIG. 1A is a schematic view of a relationship between physicians, insurance networks, patients, and a healthcare consultation group according to the present invention;

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FIG. 2A is a flow chart describing the method of managing ancillary medical costs for healthcare practices and insurance networks according to the present invention;

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FIG. 2B is a flow chart describing the method of modifying ancillary medical procedures according to the present invention;

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FIG. 2C is a flow chart describing the method of educating physicians on the benefits of alternative ancillary medical procedures according to the present invention;

FIG. 3 is a flow chart describing the method of managing ancillary medical costs and optimizing profitability for an insurance network according to the present invention;

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FIG. 4 is a schematic view of a system for a healthcare practice including a plurality of physicians

participating in an insurance network according to the present invention;

FIG. 5 is an environmental view of a physician accessing a communications network through a user interface of a system for a healthcare practice to obtain information regarding management of ancillary medical costs according to the present invention;

FIG. 6 is an environmental view of a physician researching an information card positioned in a patient's chart to determine if an alternative ancillary medical procedure is appropriate according to the present invention; and

FIG. 6A is a front elevational view of an information card that can be positioned in a patient's chart according to the present invention.

Detailed Description of Preferred Embodiments

The present invention will now be described more fully hereinafter with reference to the accompanying drawings which illustrate preferred embodiments of the invention. This invention may, however, be embodied in many different forms and should not be construed as limited to the embodiments set forth herein. Rather, these embodiments are provided so that this disclosure will be thorough and complete, and will fully convey the scope of the invention to those skilled in the art. Like numbers refer to like elements throughout, the prime notation, if used, indicates similar elements in alternative embodiments.

FIGS. 1A-9 illustrate systems and methods of optimizing profitability of healthcare practices and insurance networks by managing ancillary medical costs. As illustrated in FIG. 1A, the present invention preferably includes a healthcare consultation group

that forms an intermediary relationship between a healthcare practice **25** and an insurance network **30**. The healthcare practice **25** preferably includes a plurality of physicians **27** practicing in one or more medical fields in a particular geographic area. The healthcare consultation group **22** determines the most efficient manner to manage ancillary medical costs **45** to thereby increase profitability of the healthcare practice **25** and the insurance network **30** by decreasing ancillary medical costs **45**. In cases where the financial responsibility for patient care is divided between the insurance network **30** and the healthcare practice **25**, the healthcare consultation group **22** can also advantageously manage ancillary medical costs **45** of the insurance network **30** and the healthcare practice **25** to thereby decrease ancillary medical costs **45**, thereby increasing profitability of both the insurance network **30** and the healthcare practice **25**. Ancillary medical costs **45** can include pharmacy costs, for example. The ancillary medical costs **45** can also advantageously include any one of a number of medical cost centers such as taken from federally-defined hospital departments. These can include, but are not limited to, anesthesiology, blood, blood storage procedure and administration, radiology, electroencephalogram (EEG), electrocardiogram (EKG), emergency room, IV therapy, organ and tissue acquisition, labor and delivery, medical/surgical supplies, nuclear medicine, occupational therapy, operating room, physical therapy, recovery room, renal dialysis, respiratory therapy, special care, speech therapy, and therapeutic radiology. These general categories also can be broken down into more specific categories as understood by those skilled in the art.

As perhaps best illustrated in FIGS. 1A-4, the present invention provides methods for managing a healthcare practice **25** to optimize the profitability of the healthcare practice **25** by decreasing the healthcare costs of the healthcare practice **25**. As illustrated in FIG. 3, the present invention also provides methods of optimizing the profitability of an insurance network **30** having a plurality of physicians **27** in a healthcare practice **25** participating therein by managing ancillary medical costs **45**, i.e., pharmacy costs, of the healthcare practice **25**, or a combination of the healthcare practice **25** and the insurance network **30**. The present invention is particularly advantageous for use in association with pharmacy cost because of the large year to year increases in the cost of prescription medications and other pharmaceutical related costs. The method of managing the healthcare practice **25** and the method of optimizing the profitability of the insurance network **30** includes gathering data **50** from each of the plurality of physicians **27** in the healthcare practice **25** participating in the insurance network **30** regarding management of ancillary medical costs **45**. The step of gathering of data **50** preferably includes conferring with the healthcare practice **25** and the insurance network **30** to determine the number of patients **35** participating in the insurance network **53** and the current ancillary medical procedure used to treat those patients **35**. In a case where the ancillary medical cost **45** is pharmacy cost, for example, the method includes gathering data from the physicians **27** regarding the number of pharmacy claims over a predetermined period of time, the number of

patients **35** treated by the physician **27**, and demographic information about the physician **27**.

Data is also gathered from ancillary medical facilities **52** regarding ancillary medical costs **45** of each of the plurality of physicians **27** in the healthcare practice **25** participating in the insurance network **30**. This data can advantageously include claims information, claim types and cost data regarding the claims. This data can also advantageously be gathered from the healthcare practice **25** or the insurance network **30**. The data collected from the ancillary medical facilities **40** can be available on an ancillary medical network database, such as a pharmacy network listing pharmacy costs for each of a plurality of physicians **27** in the healthcare practice **25**. Again, in a case where the ancillary medical cost **45** is pharmacy cost, for example, the method of gathering data **50** includes obtaining average wholesale pharmacy costs from pharmacy networks such as First Databank, Red Book, and Blue Book, for example, or any other pharmacy network as understood by those skilled in the art. The step of gathering data **50** from the pharmacy also includes getting monthly updates from the pharmacy network regarding average wholesale pharmacy costs. The step of gathering data **50** further preferably includes extrapolating a contracted price of prescription medications from the pharmacy claims data.

If the ancillary medical cost **45** is pharmacy cost, for example, then the step of gathering data **50** can advantageously include preparing a management report that includes information regarding the physician's pharmacy cost performance measured by per member per month (PMPM) costs. The management report can also advantageously include a physician report card to inform the physician

27 of current performance and high cost patient reports from the physician 27. The report card is advantageously detailed for each physician 27 based on prescribing patterns, costs of management behavior to them and the healthcare practice 25, peer-reviewed alternative prescription medications, and potential savings if followed. The report cards are then presented to the identified physician 27 so that they can perform their own analysis. The healthcare practice 25 can advantageously encourage the physician 27 to give the report consideration. The management report can also advantageously include a list of the top medication providers, e.g., the top fifty high-cost prescription medication providers and a pharmacy cost management report.

The method of managing the healthcare practice 25 and the method of optimizing the profitability of an insurance network 45 both further preferably include identifying at least one physician 56 in the healthcare practice 25 that is engaging in ancillary medical procedures that are not as profitable or preferred by the insurance network 30. Physicians 27 who engage in the ancillary medical procedures that are not preferred by the insurance network 30 are sometimes at risk of not receiving a predetermined reimbursement amount from the insurance network 30. These ancillary medical procedures can include the prescription of medications that are not as profitable to the insurance network 30 or the physicians 27 in the healthcare practice 25. In cases where the financial responsibility for patient 35 care is shared between the healthcare practice 25 and the insurance network 30, then the profitability of both the insurance network 30, and the healthcare practice 25 are

enhanced. Typically, alternative medications are available that combat the same illnesses. In some instances, however, either the physician is not familiar with the alternative medication or the patient **35** insists on a particular brand-name medication merely because the brand-name medication has been greatly advertised, marketed, or commercialized.

The step of identifying the at least one physician **56** preferably includes analyzing the data **58** collected from the physicians and the ancillary medical network databases to determine the ancillary medical costs **45** of each physician **27** in the healthcare practice **25**. The step of identifying the at least one physician **56** also preferably includes calculating **60** an average ancillary medical cost per physician in the healthcare practice **25**. After an average is calculated **60**, physicians **27** having ancillary medical costs **45** that fall a predetermined standard deviation away from the average, e.g., two standard deviations from the average of their peers in the healthcare practice **25**, are identified **56** and targeted for intervention. Should a point be reached where no physician **27** falls beyond the two standard deviation limit, then a predetermined percentage of the physicians having the highest or higher than average ancillary medical costs **45** will be considered for intervention.

The method of managing the healthcare practice group **20** and optimizing the profitability of an insurance network **30** both further include identifying patients **27** and ancillary medical procedures that have costs above the average ancillary medical cost calculated above. For example, the step of identifying patients **27** whose ancillary medical costs **45** are greater than the average

ancillary medical costs per physician can include identifying patients who have pharmacy costs greater than the average pharmacy cost of the physician. Another example preferably includes identifying prescription medications having a higher cost than the average prescription medication cost of the healthcare practice 25.

When the physician 27 that has ancillary medical costs 45 greater than the average ancillary medical costs of the healthcare practice 25 is identified, the method of managing the healthcare practice group 20 and optimizing the profitability of an insurance network 30 both further include conferencing with the identified physician 27 to discuss the impact of not taking any action regarding ancillary medical cost 45 overruns.

The method of managing the healthcare practice 20 and the method of optimizing the profitability of an insurance network 30 both further include modifying the physician's management behavior 65 regarding the ancillary medical costs 45. The physician's management behavior is modified to advantageously reduce the risk of not collecting the predetermined reimbursement amount from the insurance network 30 to thereby increase the physician's profitability. The physician's modified management behavior can also advantageously increase the profitability of the insurance network 30.

The step of modifying the physician's management behavior includes educating 70 the at least one physician 27 on benefits of alternative ancillary medical procedures. The education 70 of the physician 27 can be performed using research literature for comparing the alternative ancillary medical procedures to current

ancillary medical procedures. The education **70** can further include organizing continued medical education classes **71** through ancillary medical facilities and can also include the education **72** of nurses and ancillary staff members. This is advantageous because continued medical education classes are generally required in order for a physician **27** to keep licensing requirements current. The continued medical education can advantageously fulfill the physician's licensing requirement while simultaneously educating the physician **27** as to the benefits of alternative ancillary medical procedures that may be more advantageous to themselves as well as to their patients.

The step of educating **70** the at least one physician **27** advantageously includes providing the at least one physician national treatment gridlines for stepwise treatment of disease states. Too often prescription medication representatives, such as sales representatives, convince physicians **27** that the newest medication is necessary to treat patients **35** and other regimens should be skipped or abandoned. The step of educating **70** the physicians **27**, therefore, includes recommending that physicians **27** follow nationally recognized guidelines and treatment protocols, such as from the Center for Disease Control (CDC) and the National Institute of Health (NIH), for example.

This advantageously ensures that community accepted standards of care are being provided. The step of educating **70** the physicians **27** also advantageously includes identifying the medications of choice for given disease states and verify, through data analysis and dialog that medical research indicates that modified physicians behavior will have a favorable impact. The

step of educating **70** the physicians **27** using peer-reviewed, medical research based literature recommending nationally recognized guidelines also advantageously decreases liability incurred by physicians **27**. The
5 physicians' **27** medical malpractice liability can advantageously be decreased if the physician follows nationally recognized guidelines and treatment protocols.

The step of modifying the physician's management behavior also includes providing patient
10 history updates. If, for example, the physician **27** makes a decision to modify a patient's **35** prescription medication in the interest of decreasing pharmacy cost, for example, the patient history updates become very advantageous for the general safety and welfare of the
15 patient **27**. At the time of ordering the new prescription, physicians **27** may not have all the patient's **35** medical history to prescribe a medication without inducing an adverse drug reaction (ADR). ADR's often lead to increased repeat visits to the physician **27**
20 for the same ailment and possibly to a hospital, which increase the healthcare practice's **25** health care cost tremendously. After the gathered data, provided by a pharmacy benefits management (PBM) company or a pharmacy claims benefit administrator, for example, is analyzed,
25 printouts of the patients' **35** prescription history can advantageously be provided to the physician **27**. These printouts may be included in patient **35** charts for up-to-date reference by the physicians **27**.

As best illustrated in FIG. 2A, the method of
30 managing the healthcare practice **25** and the method of optimizing profitability of the insurance network **30** further includes providing a list of ancillary medical procedures, e.g., a list of preferred prescription

medications, that are preferred by the insurance network 30. If the physicians 27 follow the suggested ancillary medical procedure list, the physicians 27 are more likely to receive the predetermined reimbursement from the insurance network 30, thereby providing enhanced profits to the physicians 27 as well as to the insurance networks 30. The enhanced profitability advantageously allows the insurance network 30 and the physicians 27 to provide more cost-effective medical treatment to the patients.

As also illustrated in FIG. 2A, the methods of managing the healthcare practice 25 and optimizing profitability of the insurance network 30 also advantageously include providing custom ancillary medication procedure forms 75, i.e., custom prescription medication pads, for use by the physician 27 to easily recognize which ancillary medical procedures are preferred by the insurance network 30. For example, the physician 27 is provided a custom prescription medication pad 75 that includes a vast list of prescription medications that are preferred by the insurance network 30. This eliminates the time necessary for the physician 27 to perform research on which medications are preferred by the insurance network 30.

Physicians 27 sometimes participate in a number of insurance networks 30. Differing insurance networks 30 normally have differing preferred ancillary medical procedures. When the physicians 27 participate in differing insurance networks 30, it becomes difficult to determine which ancillary medical procedures are preferred by each of the different insurance networks 30. The various insurance networks 30 normally have overlapping ancillary medical procedures. Therefore, the

step of providing custom ancillary medical procedure customization forms also includes the step of providing custom ancillary medical procedure forms that account for the overlapping ancillary medical procedures of the various networks and advantageously eliminate the need for the physician **27** to take the time to research what insurance network **30** the patient **35** participates in and which ancillary medical procedures are preferred by the particular insurance network **30** in which the patient **35** participates. The custom ancillary medical form that accounts for overlapping ancillary medical procedures between various insurance networks **30** advantageously allows the physician **27** to engage in any ancillary medical procedure that is listed on the form without any risk of not receiving the predetermined reimbursement amount from the insurance network **30**.

As best illustrated in FIG. 2A-2C the methods of managing a healthcare practice **25** and optimizing profitability of an insurance network **30** of the present invention also includes providing patient intervention **80** to enhance the profitability of the physicians **27** and the insurance networks **30**. One source of increased ancillary medical costs are unnecessary patient requests. The patients **35** sometimes request particular ancillary medical procedures because of a lack of knowledge regarding alternative ancillary medical procedures. For example, some patients **35** insist on brand-name medications that are largely commercialized without having the requisite knowledge to make an informed decision regarding alternative ancillary medications. The step of providing patient intervention **80** advantageously includes identifying **56** the patients who participate in ancillary medical procedures that are not

preferred by the insurance network **30** and put the physician **27** at risk of not receiving a predetermined reimbursement from the insurance network **30**. The method of providing the patient intervention **80** also
5 advantageously includes discontinuing **82** the current ancillary medical procedure and amending it with a new ancillary medical procedure that is preferred by the insurance network **30** and reduces the risk of the physician **27** not receiving the predetermined
10 reimbursement amount from the insurance network **30**.

The step of providing patient intervention can advantageously include contacting patients **35** that are affected by poly-pharmacy and non-compliance, for example. The step of contacting patients includes
15 contacting the patients **35** on a monthly basis. Poly-pharmacy occurs when the patient **35** is taking medications with ADR's, unnecessary medications, or those from the same medication class. In addition, if it is discovered during the step of analyzing the gathered data that the
20 patient **35** is not taking the prescription medication as required, the step further includes contacting the patient **35** with a directive to comply with the treatment protocols. The contact to the patient **35** can, for example, be made in the form of a letter written on the
25 physician's **27** letterhead.

The step of providing patient intervention also advantageously includes determining if stronger disease state management techniques are required. This determination is conducted on a monthly basis. For those
30 patients **35** with aggressive diseases, specialist organizations are employed to provide recommendations to the physicians **27** and the patients **35** on the latest treatments techniques.

The steps of discontinuing and amending **82** current ancillary medical procedures includes providing information to the patients **35** regarding the benefits of the new alternative medical procedure, e.g., information
5 that a lay-patient can understand regarding the benefits of an alternative prescription medication. The step of providing patient intervention also includes providing a monthly review of patient's charts to determine if the new ancillary medical procedures are sufficient for the
10 patient's treatment. As patients are identified **56** that are not being treated per guidelines of alternative ancillary medical procedures, a chart **48** is advantageously inserted into a patient's medical chart, recommending an alternative ancillary medical procedure.
15 The chart insert **48** advantageously includes an explanation of the recommended and pre-written ancillary medical procedure orders, i.e., pre-written prescriptions, for the physician's approval.

The physicians **27**, however, do not always yield
20 to the preferred ancillary medical procedures of the insurance network **30**. When the physicians **27** encounter a situation where, relying on their vast medical knowledge, they know a proposed ancillary medical procedure is detrimental to the patient **35**, then the
25 insurance network **30** is approached to consider modifying their preferred ancillary medical procedures. Like the physicians **27**, the insurance network **30** is educated regarding the benefits of the ancillary medical procedure that they seek to modify. This advantageously levels the
30 playing field between physicians **27** and insurance networks **30**. The present invention provides for the possibility that the insurance network **30** will yield to

the medical judgment of the physician **27** concerning the treatment of patients **35**.

The step of discontinuing an ancillary medical procedure **82** further includes the step of preparing a plurality of letters. The step of preparing letters includes the healthcare consultation group **22** obtaining permission **84** from the physician **27** to distribute letters **85** to the patients **35** that are candidates for modification of ancillary medical procedures. One of the plurality of letters informs the ancillary medical facility of the discontinuation of a particular ancillary medical procedure **86**. Another of the plurality of letters informs the patient that a particular ancillary medical procedure is discontinued **87**. The letters can advantageously be written on the physician's letterhead. The letter to be sent to the patient **87** advantageously includes a detailed explanation of why the ancillary medical procedure is being modified, the benefits of the new ancillary medical procedure, and the advantages that patient **35** will obtain from using the new ancillary medical procedures. The letter to be sent to the ancillary medical facility **86** instructs the ancillary medical facility that the ancillary medical procedure is discontinued and can also advantageously inform the ancillary medical facility of an amendment to the ancillary medical procedure. The step of discontinuing the ancillary medication also includes providing the physician **27** with a list of "frequently asked questions and answers" so that the physician **27** is prepared for what may be difficult questions posed by the patients **35**. This advantageously allows the physician **27** to give the patients **35** clear and concise answers that do not make the patient **35** feel as though the physician **27** and the

insurance network **30** are taking advantage of the patient.

The step of providing patient intervention also advantageously includes ordering a new alternative ancillary medical procedure upon a new diagnosis **83**. The
5 step of ordering a new ancillary medical procedure advantageously includes providing a monthly update **90** to the physicians **27** regarding new alternative ancillary medical procedures. The monthly updates can come in the form of a newsletter, for example. The step of ordering
10 a new ancillary medical procedure also advantageously includes providing a review **91** between the physician **27** and the healthcare consultation group **25** regarding new ancillary medical procedures and education **92** provided to the physicians **27** and patients **35** regarding the new
15 ancillary medical procedures. The patient's chart is periodically reviewed **93** to ensure that the new ancillary medical procedure is effective and treatment guidelines are provided **94** on a chart insert **48**, as illustrated in FIG. 6A.

20 The methods of managing the healthcare practice **25** and optimizing the profitability of the insurance network **30** also advantageously includes updating **90** physicians **27** regarding changes of ancillary medical procedures preferred by the insurance network **30**. The
25 step of updating **90** can advantageously include mailing the updated changes to each of the physicians **27** in the healthcare provider group **22** using a newsletter, or can advantageously include transmitting the changes to the physicians **27** via electronic mail or flyers, or other
30 types of updates. The step of updating **90** can also advantageously include connecting to a communications network **100** where to access the updated information. This advantageously eliminates the time necessary for the

physicians **27** to research new preferred ancillary medical procedures. The updates are also a form of continuing education for the physician **27** to learn of new techniques and medications that are available to enhance the
5 treatment of the patients **35**.

Some healthcare practices **25** have opted to use personal digital assistants (PDAs) or other electronic data entry and retrieval hardware in their practices. For those groups, whenever possible, the hardware and/or
10 software will be integrated with the information and services provided as described above. Allscripts, Parkstone, and Realtime Rx are just a few examples of companies that sell or lease such equipment. This will be done in an effort to disencumber the physicians **27** so
15 they can focus on better management of their time.

As best illustrated in FIGS. 1A and 5, the present invention advantageously includes a healthcare management optimization system **20** for a healthcare practice **25** including a plurality of physicians **27**
20 participating in an insurance network **30**. The system can advantageously include a server **102** with a database **103** and a communications network **100**. The system **20** also preferably includes a plurality of computers **108** positioned to be in communication with the communications
25 network **100**, each including a user interface responsive to a user **U**. The database **103** can advantageously include first **105** and second **107** databases. The first database **105** includes information regarding preferred ancillary medical procedures of an insurance network. The second
30 database **107** includes ancillary medical costs of a plurality of physicians **27** participating in the insurance network **30**. The system further includes an updater **109** positioned on the server **102** and responsive to the user

interface for updating each of the plurality of physicians **27** on any changes of preferred ancillary medical procedures preferred by the insurance network **30**.

The system **20** of the present invention also
5 includes an analyzer such as provided by software programs stored on a computer or processor as understood by those skilled in the art positioned on the server **102** and in communication with the first **105** and second **107** databases for comparing the ancillary medical procedures
10 that are preferred by the insurance network **30** with the ancillary medical costs **45** of the plurality of physicians **27** participating in the insurance network **30**. The analyzer advantageously identifies ancillary medical costs **45** of the physicians **27** that are not preferred by
15 the insurance network **30**. The analyzer further includes calculating means for calculating an average ancillary medical cost **45** per physician **27** for the healthcare practice **25**. The average ancillary medical cost **45** is used to identify the physicians **27** that are in need of
20 assistance to reduce the risk of not receiving the predetermined reimbursement amount for ancillary medical costs **45** from the insurance network **30**.

The system **20** still further includes recommending means, e.g., provided by software as
25 understood by those skilled in the art, positioned on the server **102** and responsive to the user interface for recommending to each of the plurality of physicians **27** alternative ancillary medical procedures that are preferred by the insurance network **30**. The recommending
30 means can advantageously be provided by software that resides on the server **102**. The system also preferably includes managing means, e.g., provided by software as understood by those skilled in the art, for managing

ancillary medical cost management behavior of the physicians **27**. The managing means can advantageously be provided by software that resides on the server **102**. The managing means preferably includes a modifier to modify
5 the management behavior of the physicians **27** so that the physicians **27** engage in ancillary medical procedures that are preferred by the insurance network **30**. The managing means also includes an identifier for identifying at least one of the plurality of physicians **27** in the
10 healthcare practice **25** participating in the insurance network **30** that is at a greater risk of not receiving a predetermined reimbursement amount for the ancillary medical costs **45** from the insurance network **45** because of engagement in ancillary medical procedures that are not
15 as profitable to the insurance network **30**.

The system **20** of the present invention still further includes patient intervening means, e.g., provided by software as understood by those skilled in the art, for identifying at least one patient **35** whose
20 present ancillary medical procedures are not preferred by the insurance network **30**. The patient intervening means can advantageously be provided by software that resides on the server **102**. The management means of the system **20** further includes generating means, e.g., also preferably
25 provided by software as understood by those skilled in the art, for generating a plurality of letters to modify the ancillary medical procedures of the physician **27**. The letters include first and second letters. The first letter informs the ancillary medical facility that the
30 patient's **35** present ancillary medical procedure is modified. The second letter is sent to the patient **35** to inform the patient of the new ancillary medical procedure. The second letter includes educational

information informing the patient **35** of the benefits of the new ancillary medical procedure and educational materials that may answer any questions that the patient **27** may have.

5 As illustrated in FIG. 3, the present invention also provides methods of collecting fees **120** for managing and optimizing the profitability of a plurality of physicians **27** in a healthcare practice **25** and for managing and optimizing the profitability of an insurance
10 network **30**. The method includes establishing a relationship **122** between a healthcare consultation group **22**, a plurality of physicians **27** in a healthcare practice **25**, and an insurance network **30**. This advantageously provides a team working towards a common goal, i.e., a
15 team working towards the goal of enhancing profitability through better and more cost-effective healthcare. The newly established relationship can be used to modify the physicians' ancillary medical cost management behavior to enhance the profitability of the insurance network **30** and
20 to reduce the physician's **27** risk of not receiving a predetermined reimbursement amount for ancillary medical costs from the insurance network **30**.

 The method of collecting fees **120** can advantageously include the step of the healthcare
25 consultation group **22** funding an incentive pool **124** to be paid to the healthcare practice **25**, or to the insurance network **30**, depending upon who hires the healthcare consultation group **22**. The healthcare consultation group **22** only collects a fee if their services to the
30 healthcare practice **25** and the insurance network **30** are successful. Therefore, the fees are only collected on a success-fee basis. In some cases, however, a nominal fee may be charged by the healthcare consultation group **22**

before services are performed. The measure of success of the services of the healthcare consultation group **22** is a decrease in healthcare costs of the insurance network **30** and the physicians **27** in the healthcare practice **25** for specific ancillary medical costs **45**. If services of the healthcare consultation group **22**, however, do not decrease healthcare costs for the plurality of physicians **27** or the insurance network **30** below a predetermined level over a preselected period of time, the funds in the incentive pool are turned over to the healthcare practice **25** or the insurance network **30**, depending on who is the healthcare consultation's group **22** client. This advantageously provides accountability to the healthcare consultation group **22**. Accountability will ease the minds of the healthcare practice **25** and insurance network **30** giving the healthcare consultation group **22** a chance to prove that profits can be enhanced.

The method of collecting fees **120** further includes distributing predetermined percentages **126** of savings attributed to the services of the healthcare consultation group **22**. As illustrated in FIG. 3, the savings are distributed to the healthcare practice **Y**, the healthcare consultation group **Z** and the insurance network **X**. For example, the percentages can be 40% to the consultation group. Clearly these percentages can vary depending on the client of the consulting group and an agreement between the parties. This arrangement advantageously allows all involved to gain, including patients, through more cost-effective medical care. The predetermined percentage that is distributed to the healthcare practice **Y** can advantageously be further distributed **128** in predetermined percentages evenly to the healthcare practice **25** or allocated proportionately

according to the savings of each of the plurality of physicians **27** in the healthcare practice **25**.

The step of distributing predetermined percentages **126** of savings attributed to the services of the healthcare consultation group **22** can advantageously vary depending on whether the client of the healthcare consultation group **22** is the healthcare practice **25** or the insurance network **30**. The distributed percentages can advantageously be equal between the healthcare consultation group **22**, the insurance network **30**, and the healthcare practice **25**. If, for example, the client of the healthcare consultation group **22** is the healthcare practice **25**, then the predetermined percentages distributed to the healthcare consultation group **22** and the healthcare practice **25** can be greater than the predetermined percentage of the savings that are distributed to the insurance network **30**, e.g., the insurance network **30** may not collect any percentage of the savings. If, however, the client of the healthcare consultation group **22** is the insurance network **30**, then the predetermined percentages distributed to the healthcare consultation group **22** and the insurance network **30** can be greater than the predetermined percentage of the savings that are distributed to the healthcare practice **25**.

The method of collecting fees can also advantageously include a pricing, billing, or charging structure. The pricing structure of the healthcare consultation group **22** is straight forward. The clients, i.e., the healthcare practice **25** or the insurance network **30**, measure their ancillary medical costs, or pharmacy costs for example, on a per-member per-month (PMPM) basis. During a pharmacy assessment, an average PMPM

pharmacy cost (baseline PMPM) is calculated using the clients past six months pharmacy claims and membership data. Each month, the current month's average PMPM pharmacy cost is subtracted from baseline PMPM in order to determine the savings realized from the healthcare consultation group's **22** services.

A commission fee can advantageously be calculated on predetermined percentage of the monthly client savings, e.g., 50% of monthly savings, multiplied by the number of patients each month. For example, a sustained \$1.00 PMPM savings for client with 30,000 covered lives would yield to the healthcare consultation group **22** \$15,000 per month, for up the duration of the contract. The contract can span between one and three years, for example, or can have a longer duration. The healthcare consultation group **22** can collect a smaller fee percentage for longer contract durations. If the client desires a longer contract duration, the baseline PMPM can advantageously be increased yearly with respect to annual inflation increases of wholesale prescription medication costs. The risk reversal for the client is that if there is no savings any month, the client pays nothing.

The pricing structure can also advantageously include a referral commission, e.g., \$0.25, for each covered life, or a percentage of the client's savings for example, provided to the strategic marketing partners. This referral commission compensates for the commissions paid to sales people and people who refer business to the healthcare consultation group **22**. Thus, the healthcare consultation group **22** minimizes the marketing budget while advantageously maximizing marketing results.

The application is related to U.S. Patent Application Serial No. _____ titled "Methods For

Collecting Fees For Healthcare Management Group" filed on the same date herewith by the same inventors, which is incorporated herein by reference in its entirety.

In the drawings and specification, there have
5 been disclosed a typical preferred embodiment of the invention, and although specific terms are employed, the terms are used in a descriptive sense only and not for purposes of limitation. The invention has been described
10 in considerable detail with specific reference to these illustrated embodiments. It will be apparent, however, that various modifications and changes can be made within the spirit and scope of the invention as described in the foregoing specification and as defined in the appended claims.

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